

## Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 IOE-00 AF-10 ARA-16 EA-11 EUR-25 NEA-14

RSC-01 ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-07

SCI-06 FEA-02 OMB-01 DODE-00 PM-07 H-03 PA-04 PRS-01

SP-03 SS-20 USIA-15 DRC-01 /194 W

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P 311442Z MAY 74

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 4481

INFO AEC GERMANTOWN PRIORITY

C O N F I D E N T I A L IAEA VIENNA 4882

E.O. 11652: GDS

TAGS: IAEA TECH PARM TH ID RP

SUBJECT: IAEA BOARD OF GOVERNORS--RESEARCH REACTOR PROJECTS

FOR INDONESIA AND THAILAND

SUMMARY. MISSION PROPOSES STATEMENT AT JUNE SESSION IAEA BOARD OF GOVERNORS THAT U.S. INTENDS, BEGINNING WITH ALLOCATIONS OF CY 1974 USAEC GIFT OF \$50,000 WORTH OF SPECIAL NUCLEAR MATERIAL, TO GIVE PREFERENCE TO DEVELOPING COUNTRIES PARTY TO NPT IN DECIDING ON SUCH ALLOCATIONS. BELIEVE SUCH STATEMENT WOULD PROVIDE CLEAR INDICATION OF BENEFITS TO DEVELOPING COUNTRIES PARTY TO NPT. ACTION REQUESTED: INSTRUCTIONS PRIOR TO JUNE 11 BG MEETING. END SUMMARY.

1. AS AEC/DEPT. AWARE, IAEA BOARD OF GOVERNORS WILL BE ASKED TO APPROVE RESEARCH REACTOR PROJECTS FOR INDONESIA AND THAILAND (GOV/1671 AND GOV/1672) AT ITS NEXT SESSIONS BEGINNING JUNE 11. PRIMARY PURPOSE OF PROJECTS IS TO MAKE BOTH COUNTRIES ELIGIBLE TO OBTAIN TITLE THROUGH IAEA TO SPECIAL NUCLEAR MATERIAL (SNM) PRESENTLY UNDER LEASE FROM USAEC IN COUNTRIES CONCERNED.

2. IN THIS CONNECTION, BOTH COUNTRIES HAVE ALSO SPECIFICALLY  
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REQUESTED THAT PROJECT BE INCLUDED AMONG THOSE CONSIDERED

ELIGIBLE FOR U.S. GIFT OF \$50,000 WORTH OF SNM OFFERED FOR CY 1974 (ANNOUNCED AT GENERAL CONFERENCE IN SEPT. 1973). THIS U.S. GIFT HAS BEEN MADE ANNUALLY BY USAEC SINCE 1960. ALLOCATIONS OF GIFT MADE BY USAEC NORMALLY LATE IN RELEVANT CALENDAR YEAR, TAKING INTO ACCOUNT RECOMMENDATIONS OF IAEA. FYI. PROSPECT OF OBTAINING GIFT SNM IS REAL REASON BEHIND THSE PROPOSED PROJECTS. END FYI.

3. IN CONNECTION WITH BG CONSIDERATION OF THSE PROJECTS, MISSION BELIEVES TIME IS RIPE TO ANNOUNCE AT BG FOLLOWING THEIR APPROVAL THAT U.S. INTENDS, BEGINNING WITH ALLOCATIONS OF CY 1974 GIFT, TO GIVE PREFERENCE TO DEVELOPING COUNTRIES PARTY TO NPT IN DECIDING ON SUCH ALLOCATIONS.

4. MISSION BELIEVES IT IS IMPORTANT THAT U.S. TAKE SOME POSITIVE ACTION IN ADVANCE OF NPT REVIEW CONFERENCE NEXT YEAR TO GIVE MORE SUBSTANCE AND MEANING TO ARTICLE IV OF NPT IN MANNER WHICH CLEARLY SHOWS THAT THERE ARE SOME TANGIBLE BENEFITS AVAILABLE TO NPT PARTIES WHICH ARE NOT RPT NOT AVAILABLE TO NON-NPT PARTIES. THERE ARE UNDOUBTEDLY OTHER STEPS WHICH U.S. SHOULD ALSO CONSIDER DURING COMING MONTHS (SEPARATE AIRGRAM ON THIS ASPECT FOLLOWS), BUT IN LIGHT RECENT INDIAN NUCLEAR TEST AND ITS DAMAGING EFFECT ON NPT, WE THINK IT WOULD BE HIGHLY DESIRABLE TO MAKE ANNOUNCEMENT NOTED ABOVE AT THIS PARTICULAR TIME IN ORDER TO PROVIDE CLEAR INDICATION OF CONTINUED U.S. COMMITMENT AND SUPPORT TO NPT AND, SPECIFICALLY, TO DEMONSTRATE SOME ADVANTAGE TO DEVELOPING COUNTRIES PARTY TO NPT.

5. ADMITTEDLY IT WOULD BE A TOKEN, BUT IT WOULD CERTAINLY NOT RPT NOT BE OVERLOOKED BY BG MEMBERS AND COULD PROVIDE SMALL BUT IMPORTANT PSYCHOLOGICAL LIFT TO DEVELOPING COUNTRIES THAT HAVE BECOME NPT PARTIES.

6. IN PRACTICAL TERMS, PRIME BENEFICIARIES OF SUCH ACTION IN ALLOCATING CY 1974 GIFT (ANNOUNCED AT 1973 GEN CONF) PROBABLY WOULD BE THAILAND AND PHILIPPINES (LATTER ALSO INTENDS TO SEEK U.S. SNM FROM CY 1974 GIFT). FYI. PHILIPPINE REP TO IAEA, WHO ALSO PARTICIPATED RECENT NPT REVIEW CONFERENCE PREPCOM, HAS BECOME INCREASINGLY VOCAL RE ABSENCE OF ANY CLEAR

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BEVEFITS TO DEVELOPING COUNTRIES THAT HAVE CHOSEN TO BECOME NPT PARTIES IN CONTRAST TO THOSE THAT HAVE NOT. IN EFFECT, HE ASKS, "IF NON-NPT PARTIES CAN GET THE SAME BENEFITS AS NPT PARTIES, WHAT'S IN IT FOR US?" WHILE NOT RPT NOT ARGUING MERITS OF THIS LINE, IT IS NEVERTHELESS POTENTIALLY DAMAGING, AND IF ALLOWED TO BUILD UP, IT COULD GIVE US SERIOUS PROBLEMS AT NPT REVIEW CONFERENCE. END FYI.

7. SHOULD BE NOTED THAT BY STATING THAT U.S. WILL "GIVE PREFERENCE", WE WOULD NOT RPT NOT BE CLOSING DOOR ENTIRELY, BUT WOULD RETAIN SOME FLEXIBILITY ON MATTER, WHICH WE THINK DESIRABLE.

8. MISSION WOULD APPRECIATE AEC/DEPT REACTIONS SOONEST TO THIS PROPOSAL.PORTER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, NUCLEAR RESEARCH, FISSIONABLE MATERIALS, PROGRAM ASSISTANCE, GUIDANCE INSTRUCTIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974IAEAV04882  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740138-0042  
**From:** IAEA VIENNA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t1974054/aaaaacxn.tel  
**Line Count:** 122  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION IO  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 MAR 2002 by collinp0>; APPROVED <08 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IAEA BOARD OF GOVERNORS--RESEARCH REACTOR PROJECTS FOR INDONESIA AND THAILAND  
**TAGS:** TECH, PARM, TH, ID, RP, IAEA, AEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005